

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6840

BILL NUMBER: SB 156

NOTE PREPARED: Dec 29, 2003

BILL AMENDED:

SUBJECT: Create Office of Inspector General.

FIRST AUTHOR: Sen. Drozda

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill creates an Office of Inspector General to investigate various activities of the Office of the Secretary of Family and Social Services Agency, the Department of Administration, the Department of Correction, the Department of Workforce Development, and the Bureau of Motor Vehicles. It appropriates an amount sufficient to run the office for the fiscal year beginning July 1, 2004.

Effective Date: July 1, 2004.

Explanation of State Expenditures: Under the bill, the Office of Inspector General would perform investigations to determine if wrongful acts and omissions have been committed within the listed agencies.

Information from other states' offices of inspector general and the Indiana State Board of Accounts indicates that an inspector general's office may employ between 9 and 21 employees. Although the organizational structure and salary costs will be established by the Inspector General, estimates based on the office structure in other states result in salary and benefits costs between \$520,000 and \$1,200,000 for FY 2005.

In addition to personnel costs, the new Office of Inspector General may require between \$82,000 to \$151,000 for general office supplies, training and travel, and computers including a server, network, and laptops. Other costs may include investigative equipment, such as recorders and televisions. If the Office is unable to obtain space in the existing government office facilities, the Inspector General may have to lease office space at an estimated cost of \$24,300 or \$56,600, depending on the number of employees.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and

resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. The bill appropriates from the state General Fund amounts sufficient to operate the Office for FY 2005. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

The Governor will appoint the Inspector General from among the names submitted by a nominating committee which consists of three members appointed by the Governor and four members appointed by Legislators. Each member of the committee is entitled to receive a salary per diem and reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties. The expenses of the committee shall be paid from appropriations made to the Office of Inspector General.

Background: Financial and compliance audits of state agencies are performed by 18 auditors in the State Board of Accounts, and individual agencies have internal audit staff.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Governor; State Budget Agency; Family and Social Services Administration; Department of Administration; the Department of Correction; the Department of Workforce Development; the Bureau of Motor Vehicles.

Local Agencies Affected:

Information Sources: Charles Johnson III, State Examiner, Indiana State Board of Accounts, 317-232-2524; State of Louisiana Office of the Inspector General, <http://www.state.la.us/oig/inspector.htm>; State of Ohio Office of the Inspector General, 614-644-9110 and <http://www.state.oh.us/watchdog/>; Deborah L. Steiner, First Deputy Inspector General, State of Illinois Office of the Executive Inspector General, 312-814-5600 and <http://inspectorgeneral.il.gov/>.

Fiscal Analyst: Karen Firestone, 317-234-2106.